

**RELIGARE FINVEST LIMITED
CORPORATE GOVERNANCE GUIDELINES**

As on July 23, 2010

CORPORATE GOVERNANCE MISSION

Religare Finvest Limited (the "Company") aspires to the highest standards of ethical conduct: doing what we say; reporting results with accuracy and transparency; and maintaining full compliance with the laws, rules and regulations that govern the Company's businesses.

BOARD OF DIRECTORS

The Board of Directors' primary responsibility is to provide *effective governance over* the Company's affairs for the benefit of its stockholders, and to balance the interests of its diverse constituencies around the world, including its customers, employees, suppliers and local communities. In all actions taken by the Board, the Directors are expected to exercise their business judgment in what they reasonably *believe* to be the best interests of the Company. In discharging that obligation, Directors may rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.

DETAILS OF BOARD MEMBERS

The Board of Directors of the Company consists of the following :

Sr. No.	Name of Directors	Designation
1.	Mr. Sunil Godhwani	Director
2.	Mr. Anil Saxena	Managing Director
3.	Mr. Atul Gupta	Whole Time Director
4.	Mr. J.S. Grewal	Whole Time Director
5.	Mr. Sunil Kumar Garg	Director
6.	Mr. Padam Bahl	Director (Independent)

7.	Mr. J.W. Balani	Director (Independent)
8.	Mr. R.K. Shetty	Alternate Director to Mr. J.W. Balani

QUALIFICATIONS FOR DIRECTOR CANDIDATURE

One of the Board's most important responsibilities is identifying, evaluating and selecting candidates for the Board of Directors. The Nomination Committee reviews the qualifications of potential director candidates and makes recommendations to the whole Board for their recommendation to the shareholders.. The factors considered by the Committee and the Board in its review of potential candidates include:

- Whether the candidate has exhibited behavior that indicates he or she is committed to the highest ethical standards and Our Shared Responsibilities.
- Whether the candidate has had business, governmental, non-profit or professional experience at the Chairman, Chief Executive Officer, Chief Operating Officer or equivalent policy-making and operational level of a large organization with significant international activities that indicates that the candidate will be able to make a meaningful and immediate contribution to the Board's discussion of and decision-making on the array of complex issues facing a large financial services business that operates on a global scale
- Whether the candidate has special skills, expertise and background that would complement the attributes of the existing Directors, taking into consideration the diverse communities and geographies in which the Company operates.
- Whether the candidate has the financial expertise required to provide *effective* oversight of a diversified financial services business that operates on a global scale.
- Whether the candidate has *achieved* prominence in his or her business, governmental or professional *activities*, and has built a reputation that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.
- Whether the candidate will *effectively*, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the Company's stockholders and our other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
- Whether the candidate possesses a willingness to challenge management while working constructively as part of a team in an environment of collegiality and trust.
- Whether the candidate will be able to *devote* sufficient time and energy to the performance of his or her duties as a Director.

Application of these factors *involves* the exercise of judgment by the Board.

CHANGE IN STATUS OR RESPONSIBILITIES

If a Director has a substantial change in professional responsibilities, occupation or business association he or she should notify the Nomination Committee and offer his or her resignation to the Board. The Nomination Committee will evaluate the facts and circumstances and make a recommendation to the Board whether to accept the resignation or request that the Director continue to serve on the Board.

COMMITTEES OF THE BOARD

The Board has constituted the several committees to deal with specific matters and delegated powers for different functional areas. The Audit Committee, Loan and Investment Committee, ALCO Committee, Nomination Committee and Risk Management Committee have been constituted in accordance with the guidelines issued by the Reserve Bank of India.

Name of the Committee	Chairman	Members
Audit Committee	Mr. Padam Bahl	Mr. Sunil Godhwani Mr. J.W. Balani
Loan and Investment Committee	Mr. Atul Gupta	Mr. Sunil Kumar Garg Mr. Kavi Arora Mr. Deepak Joshi Mr. Gurpreet Singh Chaney
Asset Liability Committee	Mr. Atul Gupta	Mr. Gurpreet Singh Chaney Mr. Anurag Goel
Nomination Committee	Mr. Shachindra Nath	Mr. Anil Saxena Mr. Atul Gupta
Risk Management Committee	Mr. Atul Gupta	Mr. J.S.Grewal Mr. Sunil Kumar Garg

A) Audit Committee:

The Audit committee of the Company comprises three members namely Mr. Padam Bahl (Chairman), Mr. Sunil Godhwani and Mr. J. W. Balani. The terms of reference of the Audit Committee of the Company are as follows :

- a. Reviewing with management the half yearly and annual financial statements before submission to the board, focusing primarily on:
 - i. Any changes in accounting policies and practices
 - ii. Major accounting entries based on exercise of judgments by management.
 - iii. Qualifications in draft audit report.
 - iv. Significant adjustments arising out of audit.
 - v. The going concern assumption.
 - vi. Compliance with accounting standards.
 - vii. Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- b. Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- c. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- d. Inform the Board about the overall exposure to capital market, compliance to RBI and Board guidelines, adequacy of risk management and internal controls.

B) Loan and Investment Committee :

The Committee comprises five members namely Mr. Atul Gupta (Chairman), Mr. Sunil Kumar Garg, Mr. Kavi Arora, Mr. Deepak Joshi and Mr. Gurpreet Singh Chaney. The objective of forming the Committee is to provide operational guidelines to all concerned and will enable the company to gainfully deploy the surplus funds from time to time.

C) Asset Liability Committee (ALCO) :

The committee Comprises of three members namely Mr. Atul Gupta (Chairman), Mr. Gurpreet Singh Chaney, and Mr. Anurag Goel. The role and functions of the Committee are as follows:

- a.) to manage liquidity and interest rate risk in a dynamic situation by measuring, monitoring and taking appropriate steps.
- b.) to put in place the ALM system by making use of specialized software for managing assets and liabilities with respect to maturity mismatch. It shall put in place a comprehensive and dynamic frame work to measure, monitor and manage the liquidity and interest rate equity and commodity price risk taking into account the rates of major operators in the financial system by closely integrating it with the business strategy of the company.
- c.) to evolve suitable strategy through risk policies and tolerance levels to manage the risks.

- d.) to recommend the board regarding limits of liquidity, interest rate and equity price risk.
- e.) ensuring the adherence to the limits set by the board and in the line with the budget and decide risk management objectives.
- f.) to decide the product pricing for the loans, maturity profile and mix of the incremental assets and liabilities.
- g.) to anticipate the current interest rate view of the company and base its decision for future business strategy on this view .In regard to funding policy it shall decide the source, mix of liabilities or sale of assets.
- h.) to develop a view on future direction of interest rate movement and decide on funding mixes between fixed vs. floating rate bonds, wholesale vs. retail, money market vs. capital market, domestic market vs. foreign currency funding.
- i.) to review the ALM returns and take suitable remedial measures.
- j.) to review the progress and implementation of decision made in the previous meetings.
- k.) to assess the funding and capital planning for the company.
- l.) to prepare road maps for profit planning and growth projections.
- m.) to prepare plans by forecasting and analyzing “what if scenario”.

D) Nomination Committee:

The Nomination Committee of Religare Finvest Limited consists of three members. Presently, the Committee consists of Mr. Shachindra Nath (Chairman), Mr. Anil Saxena and Mr. Atul Gupta. The terms of reference of the Committee include appointment of senior management personnel and making recommendations to the Board for appointment of Directors or filling of vacancies on the Board. The Committee shall meet atleast once in a year for reviewing the fit and proper credentials of the proposed/existing directors.

E) Risk Management Committee:

The Board of Directors of Religare Finvest Limited (‘RFL’) had approved the setting up of a separate Board level committee comprising three members namely Mr. Atul Gupta (Chairman), Mr. Sunil Kumar Garg and Mr. J.S. Grewal for guiding in the area of Risk Management in RFL. The position of all perceived risks is periodically put up to the Risk Management Committee which critically evaluates the same and provides operational and policy guidance to the Company which paves the way for an effective risk management so as to safe guard the interest of the Company. The term of reference of Risk Management Committee of the Company are as follows :

- The Risk Management Committee has been assigned the task of guiding the progressive Risk Management System, Policy and Strategy of the Company. It will devise the policy and strategy for Integrated Risk Management containing various risks exposures of the Company (credit risk, market risk and operational risk).
- The Committee oversees the functioning of the Asset Liability Management Committee, Loan and Investment Committee and other risks committees of the Company, if any.
- The Committee shall meet atleast once in every quarter.
- Any two members shall form the quorum.
- The Committee shall submit its report in the next immediate Board Meeting.